



FinTrack

Tracking innovation in financial services

Introducing FinTrack, GlobalData's financial innovations tracker.

Every month, FinTrack will showcase the latest innovations from financial providers around the world.

Each innovation is assessed and rated on key criteria, providing you with valuable insight.

FinTrack will help you to:

- Keep up-to-date with the latest innovations from your competitors.
- Develop cutting-edge product and channel strategies.
- Identify the latest trends in the delivery of financial services.

FinTrack: the inside track on the latest financial innovations.

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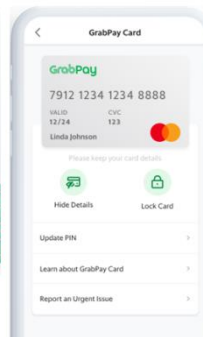
Consumer Payments



Grab launches numberless Mastercard



Grab collaborated with Mastercard to launch GrabPay Card, a numberless payment card. Available to GrabPay users, successful applicants receive a digital card immediately and a physical card shortly after. The card details are stored within the GrabPay app, which reduces the risk of fraud from theft of the card. Holders can use the app to deactivate the card via PIN verification. For online payments, 3D Secure is being used for increased security. In addition to Singapore, the card will be launched in other markets where GrabPay operates.



Is it original?

No. Apple launched a numberless physical card in March 2019, albeit only as an optional companion to a virtual card account.

Is it long-lasting?

Plastic payment cards will eventually become redundant as consumers become more accustomed to using their mobile phones for payments, particularly in Asia Pacific. This package is designed to help consumers transition from physical payment cards to virtual cards stored in an app. The numberless physical card will not be long-lasting, but the virtual card will be. And as a pioneer in bridging this gap, GrabPay will be in a strong position in the future.

Is it operationally game-changing for the provider?

This service will bring in a new revenue stream for Grab, and will encourage consumers who have not yet signed up to GrabPay to adopt the payment platform.

Will it significantly improve the user experience?

This will encourage consumers to shift away from payment cards in favor of mobile payment apps. It is more secure than most payment cards as the card number cannot be read from the physical card and used by fraudsters. Additionally, since individuals do not need to have a bank account to apply for this card it can reach more consumer segments.

Is it market-changing?

This service will further encourage the adoption of mobile payments in the Asia Pacific markets it is available in. The low barrier to applying will accelerate adoption of this service compared to Grab's competitors.



TOTAL SCORE

4/5



Amazon offers Alexa voice payments for fuel purchases



Amazon is integrating Alexa into more and more services by making it possible to pay for gas via voice through the AI assistant. After a successful pilot program in Australia, drivers will be able to use Alexa-enabled cars and car accessories to pay for gas by saying “Alexa, pay for gas” at 11,500 Exxon and Mobil stations in the US. In addition, Amazon has entered into partnerships with several car manufacturers to expand the use of its personal AI assistant in vehicles.

Is it original?

Pay-by-voice services have been around for a while. However, Amazon’s push to integrate Alexa into vehicles for direct payments is original, as it represents a move to expand the AI assistant outside of the user’s home – thus notably boosting its utility.



Is it long-lasting?

Voice payments will definitely find a niche. For example, it is becoming increasingly easy to tell Alexa what groceries are missing and for the assistant to automatically order items, rather than the consumer having to log into a supermarket app. This vehicle integration will form part of the voice payment niche.



Is it operationally game-changing for the provider?

Given how broad Amazon’s ecosystem is, paying for gas by voice will not fundamentally change the way the company works. It is essentially the extension of an existing service and another proof of concept for its digital assistant in payments.



Will it significantly improve the user experience?

The ability to pay for fuel via voice command provides some convenience benefits over alternatives. The payment device is built into the car, so consumers do not need their card or even necessarily their phone to hand in order to make the payment. But the process of paying is not much faster than using a mobile wallet or contactless card at the pump.



Is it market-changing?

Consumers already have a wide variety of payment methods available, and are mostly comfortable with the ones they use for day-to-day transactions. But this service does represent a step forward for Internet of Things-based payments, and through enough of these steps digital assistants like Alexa can carve a space for themselves in remote and even proximity payments.



TOTAL SCORE

3/5



Insurance



CRIF Decision Solutions has launched Sherlock Detection, an automated fraud detection tool that uses AI, proprietary machine learning techniques, and expert rules. The technology will launch internationally and work across all lines of insurance. However, its UK launch will target rising fraud and claims costs in the pet insurance market.

Is it original?

No. AI and machine learning are already heavily prevalent in the insurance industry, with a majority of insurers relying on advanced automation and analytics to detect fraud. But certain insurers will benefit from integrating Sherlock Detection into their platforms rather than developing their own fraud detection capabilities.



Is it long-lasting?

Yes. With no single solution to detect fraud across all lines of insurance, Sherlock Detection's focus on the UK pet insurance industry is the provider's key advantage, which should help ensure its longevity.



Is it operationally game-changing for the provider?

Yes. Sherlock Detection could be operationally game-changing for small pet insurance providers that have not invested in AI capabilities to tackle fraud. By implementing such technology, smaller insurers could experience a reduction in claims, which would lead to less payouts and improved underwriting performance.



Will it significantly improve the user experience?

Yes. Currently the UK pet insurance market has struggled to implement a lasting solution for fraud detection. According to the Association of British Insurers, suspected pet insurance fraud has been increasing year on year since 2014, now reaching £1.5m. Insurers in the pet industry would thus benefit from intervening technological solutions.



Is it market-changing?

No. This launch is the continuation of an existing trend, rather than an entirely new concept. The shift to using advanced technologies to detect fraud is already underway.



TOTAL SCORE

3/5



Stable protects farmers and food buyers from fluctuations in the price of over 3,000 commodities. Customers lock in a price on a selected commodity when purchasing the policy, and receive a payout if the index price is different than the start price at the end of the period.

Is it original?

Yes. At its core, Stable is offering a futures contract. However, less than 8% of agricultural commodities are traded on an exchange, making Stable's price insurance the first product to cover such commodities.

Is it long-lasting?

Yes. The price of commodities tends to be quite volatile. This is especially true in an era of climate change, trade wars, and technological innovation. There will always be demand to protect against such swings. Stable diversifies its risk by insuring a wide range of commodities, which prevents it from taking on too many claims in one instance.

Is it operationally game-changing for the provider?

Yes. Stable will be popular among customers who may not be able to hedge or afford to hedge certain commodities on an exchange. Stable also simplifies hedging, making it more accessible for a larger audience. These two factors should make Stable a popular option in the market.

Will it significantly improve the user experience?

Yes. Stable provides much-needed protection for farmers and commodity buyers against unexpected shocks. The wide range of products insured make it accessible to many different customers, while its simple purchasing process will appeal to people unfamiliar with the futures market.

Is it market-changing?

Yes. Stable's product makes it easier to protect commodities against price volatility. While this can already be done for some commodities, Stable increases the range of commodities that can be protected and the ease of access for customers. Its product is especially relevant given current developments in the geopolitical and environmental arena.



TOTAL SCORE

5/5



BEWICA

BEWICA

Bewica is a cyber protection insurer for UK businesses. It is a tech and cyber specialist that looks to focus on the prevention side of cyber insurance, as opposed to just covering damages. It was founded in London in 2017 and remains a private company that has not taken on any funding.

Is it original?

Yes. While preventative cyber cover is not original, Bewica offers certain elements that stand out. This includes its phishing simulator, which trains staff to spot attacks. It combines innovative features with the ability to get a quote online in just two minutes.



Is it long-lasting?

Yes. Cyber attacks are a massive issue for SMEs. Our 2019 UK SME Insurance Survey ranked this as their second-largest concern. This will continue to grow as there are more high-profile attacks in the news. And incumbent insurers often lack expertise and have been slow to release comprehensive specialist policies, opening a gap in the market for Bewica.



Is it operationally game-changing for the provider?

Yes. It is a different form of insurance, as it puts far more emphasis on the preventative side rather than just financial payouts. It offers software, staff training, phishing simulations, as well as 24/7 advice. It is more comprehensive than a traditional insurance policy.



Will it significantly improve the user experience?

Yes. Cyber attacks are one of the largest threats to modern businesses, and simple payouts are not enough to cover the disruption and reputational damage that can be caused. Training staff will provide greater benefits than just paying out damages.



Is it market-changing?

No. Although it does have some standout features, the market has already been slowly moving in this direction. Preventative services are necessary and inevitable due to the damage that can be caused by an attack. Bewica is at the forefront of developments, as opposed to changing the market by itself.



TOTAL SCORE

4/5



Retail Banking



The sandbox allows third parties to connect with the building society's back-office systems, rather than the current approach of using separate systems to collect client information, source their mortgage details, and submit the application. This development will lead to faster mortgage applications by reducing the time it takes mortgage brokers to perform those actions.

Is it original?

No. The likes of DNB, DBS, and BBVA all use similar API technology.



Is it long-lasting?

Yes. As mentioned, this technology has already found a place at other major banks across the world. The efficiency gains it provides will ensure its longevity.



Is it operationally game-changing for the provider?

Yes. Previously, brokers used separate systems to collect client information, which could lead to duplication as work needed to be inputted multiple times for different procedures. This innovation means information can be added once and shared with all parties.



Will it significantly improve the user experience?

Yes. As well as taking less time for the mortgage process to close, this should also reduce costs for both the bank and brokers, which in turn could make mortgages cheaper for consumers.



Is it market-changing?

Yes. Our 2019 Banking and Payments Survey shows that 38% of mortgages taken out recently went through a broker or an independent advisor. And Nationwide is the second-largest provider of mortgages in the UK with a 13.2% share, so this change will benefit a significant part of the market.



TOTAL SCORE

4/5



fronted

Pay your rental deposit in bite-size chunks.



Renters use an API to link their account to the platform to borrow money that can only be used for a rental deposit. The API allows Fronted to pay the landlord directly and let renters receive the money back from them at the end of the term. The renter pays Fronted by direct deposit at a 12.5% rate, which is typically lower than credit cards and overdrafts.

Is it original?

Yes. Insurance-backed schemes – where instead of a deposit the tenant pays a monthly insurance fee – are similar. But in practice Fronted offers differences that benefit both the landlord and the tenant.

Is it long-lasting?

Yes. At the moment, landlords want the entire deposit upfront while tenants would often rather pay it in installments. A loan offered by Fronted would satisfy both requirements. It gives the landlord the capital upfront and allows the tenant to pay it via installments, ensuring the longevity of this innovation.

Is it operationally game-changing for the provider?

Yes. Whereas a full deposit or insurance scheme places the risk with the landlord and tenant, a loan from Fronted would mean the lender takes on the risk that the tenant cannot pay.

Will it significantly improve the user experience?

Yes. 55% of UK tenants struggle to pay a deposit upfront, partly because average deposits are now £1,000 in the UK and £3,000 in London. Paying through Fronted allows tenants to rent places they can afford on a monthly basis but cannot cover the upfront deposit. Additionally, Fronted guarantees the renter their deposit back, which addresses the problem of landlords trying to justify deductions at the end of the tenancy.

Is it market-changing?

Yes. 35% of the UK residential property market is rentals, with this proportion increasing for the last 20 years. Direct debit loans should help give people greater security in this space. Fronted wants to eventually go beyond deposits and into the entire rental process by helping renters finance their monthly housing payments.



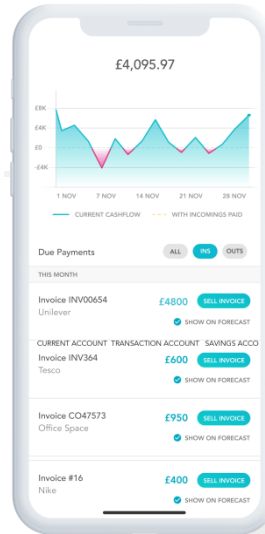
TOTAL SCORE

5/5

Muse launches financial management app for businesses



Muse has launched a financial management app that aims to help businesses with cash flow. Muse organizes all of a company's incoming and outgoing payments as well as outstanding invoices into a cash flow dashboard. Muse also offers invoice financing to customers, helping them avoid any cash flow shortfalls. In addition, within its banking dashboard Muse provides account aggregation across all of a company's credit and debit cards.



Is it original?

No. Tide already offers financial management tools to business customers to help them manage their cash flow.

Is it long-lasting?

Yes. Cash flow problems have a major impact on SMEs in the UK. According to Bacs, almost half of UK businesses are paid late for outstanding invoices. This suggests there is a market for helping businesses better manage their cash flow.

Is it operationally game-changing for the provider?

No. Muse has partnered with regtech firm NorthRow, which will ensure anti-money laundering, Know Your Customer, and ID verification checks can be carried out quickly, securely, and accurately.

Will it significantly improve the user experience?

Yes. Muse's financial management tools offer businesses a simple and easy way of tracking their finances. This will result in businesses being able to spend less time monitoring their cash flow situation and more time working on their products.

Is it market-changing?

There are over 5.7 million SMEs in the UK and just 0.7% use invoice financing to help them support their business. As a result, Muse is unlikely to change the market with its product.



TOTAL SCORE

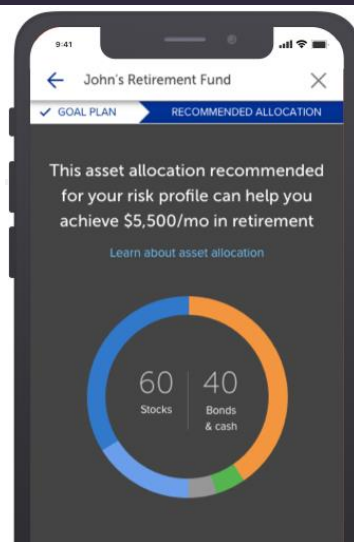
2/5



Wealth Management



Citi has launched the Citi Wealth Builder robo-advisor, joining the growing ranks of major retail banks with large wealth managers that have released such platforms. It has a minimum threshold of \$1,500 with a 0.55% annual fee. All management fees are waived for investors with at least a Citi Priority account, although ETF fees remain. Built by Jemstep, the platform matches clients to one of six ETF portfolios based on their preferences. This portfolio is automatically rebalanced, and can also be manually adjusted via the Citi Mobile app.



Is it original?

Robo-advisor launches by major retail banks have become standard, with the fees and functionality of Citi's offering in line with current market offerings.



Is it long-lasting?

As it is explicitly linked with Citi's successful mass affluent programs Citi Priority and Citigold, we expect it to be both a permanent offering as well as more effective in attracting client AUM than standalone robo-advisors.



Is it operationally game-changing for the provider?

This is unlikely to drive revenue growth for the bank but will provide it with an important tool when competing in the personal wealth management market. It will make it more effective to price-sensitive investors and the younger, digital generation.



Will it significantly improve the user experience?

Yes. This provides an entirely new investment option for Citi's personal wealth clients. In the US, more than half of savers use their mobile phone as the primary channel of interaction for managing savings according to our 2019 Banking and Payments Survey. And robo-advice is the preferred channel for investing for 5% of American investors.



Is it market-changing?

Citi is already a major player in the US wealth market. This latest move is unlikely to shift its position markedly due to the modest uptake of robo-advice to date.



TOTAL SCORE

3/5



Julius Bär

Swiss private bank Julius Baer partnered with crypto bank SEBA to launch a cryptocurrency service. This provides clients booked in Switzerland with a selection of digital assets for trading, and offers custody services alongside a consolidated portfolio overview across both conventional and digital assets. The exact basket of cryptocurrencies to be provided had not been released at the time of publication.



Is it original?

Other Swiss banks, notably Vontobel, have enabled similar crypto asset trading and custody services, although Julius Baer is by far the largest Swiss bank to launch such a platform to date.



Is it long-lasting?

SEBA had to obtain authorization from Swiss regulators and set up as a separate ongoing financial service. This suggests a permanent investment in the crypto markets, which have an enduring attraction to investors with expansive risk appetites.



Is it operationally game-changing for the provider?

Yes. This adds an entirely new asset class to Julius Baer's offering in its core booking center.



Will it significantly improve the user experience?

Clients have been given access to a new asset class as well as the ability to manage these volatile assets alongside traditional investments. This represents a considerable increase in convenience for any investor interested in crypto assets.



Is it market-changing?

While it is not the first bank to enter the crypto space, Julius Baer is the largest wealth manager to offer the asset class in an integrated way. This will act as a major impetus to the asset class becoming a mainstream investment.



TOTAL SCORE

3/5



Standard Chartered Private Bank has launched a new review process, ESG Select, for environmental, social, and corporate governance (ESG) products. The aim is to strengthen its fund selection process for all such products on its platform. The methodology behind ESG Select is tailored to each asset class in order to add rigor to the process, eliminating so-called greenwashing.

Is it original?

Yes. Using its own internal scoring process rather than external ratings ensures the bank can imprint its own values on the ESG products and securities it offers. The exact criteria it uses to score various assets will be unique (albeit broadly similar) to other such systems in the market.



Is it long-lasting?

The new review process is a permanent addition that helps address the growing demand for ESG in Asia Pacific. Almost half of wealth managers we surveyed predict further growth in demand for these products from HNW clients over 2020–21.



Is it operationally game-changing for the provider?

While it will definitely improve Standard Chartered's ability to offer clients ESG products and socially responsible investing, it was already marketing such products to clients. The review process will simply make this more efficient and rigorous.



Will it significantly improve the user experience?

There will be no impact on the user experience as the innovation is largely on the back end. However, in as much as it improves the ability for Standard Chartered to offer more and more varied ESG investments it will be welcome by HNW clients.



Is it market-changing?

No. This move will not markedly change the competitive position of the private bank relative to other players, nor will it affect wealth management market dynamics in Singapore or the wider region.



TOTAL SCORE

2/5

Definition of parameters

Is it original?

Is the innovation significantly different to other products or services already on the market?

Is it long-lasting?

How much longevity will the innovation have? Is the innovation more than a novelty that will only be of transient appeal to consumers? Is it sustainable for providers in the long run, with respect to the cost and complexity of provision?

Is it operationally game-changing for the provider?

How much impact will the innovation have on providers with respect to cost, speed, and efficiency of provision? Will it reduce barriers to entry or open up new revenue streams?

Will it significantly improve the user experience?

How much impact will the innovation have on consumers with respect to speed, ease of use, and cost or price? Will it enhance or add value to their experience, or will it lead to improved outcomes for consumers?

Is it market-changing?

How much overall impact will this innovation have across all market participants, both providers and end users?

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Ask the analyst

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